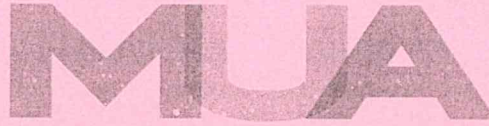


The
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POSTGRADUATE UNIVERSITY EXAMINATIONS

SCHOOL OF MANAGEMENT AND LEADERSHIP

**DEGREE OF DOCTOR OF PHILOSOPHY IN MANAGEMENT AND
LEADERSHIP**

DML 903: ADVANCED STRATEGIC MANAGEMENT

DATE: 15TH APRIL 2017

DURATION: 3 HOURS

MAXIMUM MARKS: 50

INSTRUCTIONS:

1. Write your registration number on the answer booklet.
2. **DO NOT** write on this question paper.
3. This paper contains **FOUR (4)** questions.
4. Question **ONE** is compulsory.
5. Answer any other **TWO** questions.
6. Question **ONE** carries **30 MARKS** and the rest carry **10 MARKS** each.
7. Write all your answers in the Examination answer booklet provided.

QUESTION ONE

Read the Case Study below carefully and answer the questions that follow:

MMT is a medium sized retailer of fashion goods with some 200 outlets spread throughout the Kenya. A publicly quoted company on the London Stock Market, it has pursued a growth strategy based on the aggressive acquisition of a number of smaller retail groups. This growth has gone down well with shareholders, but a significant slowdown in retail sales has resulted in falling profits, dividends and, as a consequence, its share price. MMT had been the creation of one man, Mr PT, a high profile entrepreneur, convinced that his unique experience of the retail business gained through a lifetime working in the sector was sufficient to guide the company through its current misfortunes. His dominance of the company was secured through his role as both Chairman and Chief Executive of the company. His control of his board of directors was almost total and his style of management such that his decisions were rarely challenged at board level. He felt no need for any non-executive directors drawn from outside the company to be on the board. Shareholders were already asking questions on his exuberant lifestyle and lavish entertainment, at company expense, which regularly made the headlines in the popular press. Rex's high profile personal life also was regularly exposed to public scrutiny and media attention. As a result of the downturn in the company's fortunes some of his acquisitions have been looked at more closely and there are, as yet, unsubstantiated claims that MMT's share price had been maintained through premature disclosure of proposed acquisitions and evidence of insider trading. Rex had amassed a personal fortune through the acquisitions, share options and above average performance related bonuses, which had on occasion been questioned at the Shareholders' Annual General Meeting. His idiosyncratic and arrogant style of management had been associated with a reluctance to accept criticism from any quarter and to pay little attention to communicating with shareholders. Recently, there has been concern expressed in the financial press that the auditors appointed by MMT, some twenty years ago, were also providing consultancy services on his acquisition strategy and on

methods used to finance the deals. With time, Mt. PT was voted out by the board and Mr. KZ appointed to take over. Under Mr. KZ, the company offers cheap prices than its competitors, include firm infrastructure like economic culture, a number of regional offices and pleasant environment to work. Management conducts various visits and it is learnt there are no rehearsals before any meeting which is usually scheduled every Saturday. Company efficiently manages its human resources. MMT plc terms its employees as associates. Manager compensation is related to the profit of store operated by him, within promotions, compensation offered to associates depending on company profits and also offered some incentives on their performances. Company is not unionized as the company takes all the measures on their benefits and provides all the training on related issues. Technology plays a vital role in development in the organization and MMT plc is well equipped with technological inventions like electronic checkouts at point of sale, store performance tracking, real time market research, satellite system and Universal Product Code. The other factors that enhance the margin of profits for MMT plc are inbound logistics with frequent replacement, automated data capture solutions, flow of goods in unbroken sequence from receiving to dispatching by eliminating storage, electronic data interchange etc. MMT plc strategy in terms of its operation is very unique as it applies various methods like opening big stores in small towns with monopoly in the market with low rental costs, local prices, enhancing brand name, concentric expansion, little space for inventory, store within store etc. Store managers are made responsible as they are given liability to fix the range of pricing. All the above factors combined together increases the margin of prices through bulk sales. At the same time it has helped to boost the confidence level of customers with services like point of sale information system and everyday low prices.

Required:

- a) Using examples from the case study, examine MMT plc's internal strengths, opportunities and threats. (6marks)

- b) Referring to management of MMT plc under Mr. PT and Mr. KZ, distinguish between competitive advantage and competitive disadvantage? (6 marks).
- c) Which specific strategic choices were followed by MMT plc to outmaneuver competitors and maximize shareholders' return? (6 marks)
- d) Corporate governance addresses issues between management and shareholders. Describe the issues as highlighted in the case study? (6 marks)
- e) Discuss value chain aspects that MMT plc has embraced to enhance its margin (6 marks)

QUESTION TWO

- (a) With reference to a relevant case, explain the three (3) major components of strategic control system (6 marks)
- (b) When identifying appropriate strategic choice for a multi-business, give any two (2) subjective factors that may arise (4 marks)

QUESTION THREE

- a) Using a local case and with reference to Porter's Generic Strategies explain how a firm can create a sustained competitive advantage (6 marks)
- b) Intangible firm resources have been identified as the most critical in creating value for a firm. Use appropriate examples to explain any two (2) valuable intangible resources (4 marks)

QUESTION FOUR

- a) Using illustrations from banking industry in Kenya discuss any two (2) reasons for strategic group mapping during industry analysis (4marks).
- b) Write short notes on the following terms as used in strategic management process
 - i. Value chain analysis (3 marks)
 - ii. Industry Structure (3 marks)